

BONDI GOLF AND DIGGERS CLUB LIMITED
ABN 47 001 066 708

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

Bondi Golf and Diggers Club Limited is a company limited by guarantee incorporated and domiciled in Australia. The financial report covers the company as an individual entity. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report of Bondi Golf & Diggers Club Limited complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Income Tax

The company is a non-profit sporting organisation and consequently is exempt from Income Tax under section 50-54 of the Income Tax Assessment Act.

Inventories

Inventories are measured at lower of cost and net realisable value.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Property, plant and equipment are measured on the cost basis less, where applicable, depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The club has a ten year lease with Waverley Council which expires on the 1st October 2012 in respect of the land on which the golf club stands. The lease became effective in 2002. Leasehold improvements on the land in line with company policy continue to be amortised over a period of approximately 20 years based on the estimated effective life of those improvements.

Depreciation and Amortisation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line and diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Leasehold Improvements	5%
Course Equipment	10% - 22.5%
Clubhouse Furniture & Fittings	7.5% - 40%

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NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Industry and Geographical Segments

The company's activities are the Conduct of a Registered Club in Australia.

Employee Benefits

Provision is made for the Club's liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the club to employee superannuation funds and are charged as expenses when incurred.

Revenue

Revenue from the sale of goods is recognised upon the delivery of the goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and at call deposits with banks of financial institutions, net of bank overdrafts; and
- (ii) investments in money market instruments

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at cost plus transactions cost where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

1. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through the profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

3. Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

4. Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

5. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economical data, obtained both externally and within the group.

Key Estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value in use calculations performed in assessing recoverable amounts incorporated a number of key estimates.

Key Judgments - Provision for Impairment of Receivables

The directors believe that the amount included in accounts receivable is recoverable and no provision for impairment has been made at the end of the financial year.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 2 - REVENUE	2008 \$	2007 \$
Operating Activities:		
Sale of Goods		
- Bar Sales	607,178	584,660
Total Sale of Goods	607,178	584,660
Poker Machine Takings	309,349	374,764
GST Rebate	17,184	17,180
Membership Subs - Golf	82,098	83,150
Membership Subs - Social/Other	4,355	3,751
Function and Other Income	4,518	5,395
Green and Competition Fees	212,351	212,563
Locker Rentals	1,530	1,395
Grants, Donations and Contributions	1,000	3,909
Interest Received	7,020	6,917
Tab Commission	13,722	15,036
Keno Commission	30,922	34,933
Other Commission	683	833
Insurance Recoveries	4,081	11,942
	1,295,991	1,356,428
Non-Operating Activities:		
Profit on Sale of Property, Plant and Equipment	-	-
Total Revenue	1,295,991	1,356,428
NOTE 3 - PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
(a) Expenses		
Cost of Sales:		
Bar	248,823	244,653
Total Cost of Sales	248,823	244,653
Depreciation & Amortisation of Non-Current Assets:		
Improvements	63,435	63,419
Plant & Furniture	50,073	58,847
Total Depreciation of Non-Current Assets	113,508	122,266
NOTE 4 - AUDITOR'S REMUNERATION		
Auditing the Financial Report	15,450	14,950
Other Services	-	650
	15,450	15,600

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
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	2008	2007
	\$	\$
NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash at Bank - Commonwealth Bank	26,517	88,829
Cash on Hand	20,000	20,000
Term Deposits - Commonwealth Bank	145,607	118,586
	<u>192,124</u>	<u>227,415</u>
NOTE 6 - TRADE AND OTHER RECEIVABLES		
Trade Debtors	250	-
Prepayments	5,966	8,384
	<u>6,216</u>	<u>8,384</u>
NOTE 7 - INVENTORIES		
Stock on Hand - at Cost	<u>23,030</u>	<u>18,361</u>
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT		
Property		
Leasehold Improvements - at Cost	1,870,598	1,870,598
Less Accumulated Amortisation	365,372	301,937
	<u>1,505,226</u>	<u>1,568,661</u>
Plant and equipment		
Course Equipment - at Cost	165,651	160,879
Less Accumulated Depreciation	132,212	126,720
	<u>33,439</u>	<u>34,159</u>
Clubhouse Furniture & Fittings - at Cost	577,341	560,914
Less Accumulated Depreciation	358,603	314,021
	<u>218,738</u>	<u>246,893</u>
Total Plant and Equipment	<u>252,177</u>	<u>281,052</u>
Total Property, Plant and Equipment	<u>1,757,403</u>	<u>1,849,713</u>

Movement in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Course Equipment	Furniture & Fittings	Total
	\$	\$	\$	\$
Balance at the beginning of the year	1,568,661	34,159	246,893	1,849,713
Additions	-	4,771	16,427	21,198
Disposals	-	-	-	-
Depreciation/Amortisation expense	(63,435)	(5,491)	(44,582)	(113,508)
Carrying amount at the end of the year	<u>1,505,226</u>	<u>33,439</u>	<u>218,738</u>	<u>1,757,403</u>

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	2008	2007
	\$	\$
NOTE 9 - TRADE AND OTHER PAYABLES		
Trade Creditors & Accrued Charges	120,396	109,669
Subscriptions in Advance	25,627	34,758
Other	644	644
	<u>146,667</u>	<u>145,071</u>
NOTE 10 – SHORT-TERM BORROWINGS		
Current		
<i>Secured liabilities</i>	-	5,763
Lease liabilities		
Non-current		
Lease liabilities	-	-
	<u>-</u>	<u>5,763</u>
NOTE 11 - SHORT-TERM PROVISIONS		
Current		
Employee Entitlements	54,982	41,873
Aggregate Employee Entitlements Liability	<u>54,982</u>	<u>41,873</u>
Number of employees at year-end	<u>9</u>	<u>9</u>
Superannuation commitments		
The Club contributes to the following superannuation plan for employees:		
Club Plus Superannuation Fund		
Types of benefits		
The funds provide benefits that represent the accumulation of contributions to employers, providing lump sum or annuity benefits upon retirement, death or disability.		
Contributions		
The Club is under a legal obligation to contribute 9% of each employee's base salary to a superannuation fund.		
Details of contributions during the year are as follows:		
Employer contributions to the plans	<u>40,364</u>	<u>37,950</u>
NOTE 12 - RESERVES		
Capital Profits Reserve	<u>149,340</u>	<u>149,340</u>
	<u>149,340</u>	<u>149,340</u>
NOTE 13 - RETAINED EARNINGS		
Balance at 1 January	1,761,826	1,838,890
Net profit/(loss) attributable to the members of the company	(134,042)	(77,064)
Balance at 31 December	<u>1,627,784</u>	<u>1,761,826</u>

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NOTE 14 – KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The names of each person holding the position of director of Bondi Golf & Diggers Club Limited during the financial year are:

Non-Executive

S MEADS
N SCWARZER
C POTTS
N BANWELL
G RICE
L ADAM
T PAUL
J CONWAY

Executive

D BEUGANEY

The key management personnel compensations are as follows:

	2008	2007
	\$	\$
Short-term employee benefits	96,878	96,691
Other long term benefits	-	-
Termination benefits	-	-
Honorariums	-	-
	<u>96,878</u>	<u>96,691</u>

Apart from the details disclosed in this note, no director has entered into a material contract with the company or the company since the end of the previous financial year and there were no material contracts involving directors' interests at year-end.

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

NOTE 15 - SEGMENT REPORTING

The company's activities are the conduct of a RSL Club in New South Wales in Australia. The principal activity being that of a licensed Golf Club.

NOTE 16 - COMPANY DETAILS

The registered office of the Company is:

Bondi Golf and Diggers Club Limited
5 Military Road
NORTH BONDI NSW 2026

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NOTE 17 – FINANCIAL RISK MANAGEMENT

a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loans, bills, and leases. The director's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

1. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

2. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

3. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

4. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial report.

There are no material amounts of collateral held as security at the end of the financial year.

The company does not have any material credit risk exposure to any single receivable or group of receivables under the financial instruments entered in to by the company.

Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions. The Board of Directors monitors credit risk by actively assessing the rating quality of counter parties.

5. Price risk

The company is not exposed to any material commodity price risk.

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NOTE 17 – FINANCIAL RISK MANAGEMENT (CONT'D)

b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Notes	Weighted average interest rate %	Floating Rate \$	Fixed interest maturing in 1 year or less \$	Non-interest bearing \$	Total \$
2008						
Financial assets						
Cash assets	5	3.69%	26,517	145,607	20,000	192,124
Receivables	6	0.00%	-	-	6,216	6,216
Total		3.69%	26,517	145,607	26,216	198,340
Financial liabilities						
Payables	9	0.00%	-	-	146,667	146,667
Borrowings	10	0.00%	-	-	-	-
Total		0.00%	-	-	146,667	146,667

c) Net fair values of financial assets and liabilities

For financial assets and liabilities, the fair net value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity

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	2008 \$	2007 \$
NOTE 18 - COMMITMENTS		
Interest Bearing Liabilities		
a. Commitments for Hire Purchase Liabilities		
	-	5,865
Not later than 1 year	-	-
Later than 1 year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	-	5,865
Minimum Hire Purchase Payments	-	(102)
Less : Future finance charges	-	5,763
	-	5,763
Represented in the Statement of Financial Position by :		
Current	-	5,763
Non-current	-	-
Total Hire Purchase Liabilities	-	5,763
b. Operating Lease Commitments		
Operating leases contracted for but not capitalised in the financial statements:		
Within one year	23,105	23,105
One year or later and no later than five years	65,464	88,569
	88,569	111,674

The lease with the council has a ten-year term expiring on the 1st October 2012 with rent payable monthly in advance.

c. Rental Agreement Commitments

IBM Global Financing Rental Agreements are payable:

Within one year	9,962	9,962
One year or later and no later than five years	17,433	27,395
	27,395	37,357

The Company leased security equipment under rental contract expiring on the 19th September 2011. At the end of the four year term the Company has the option to renew the rental contract.

NOTE 19 - CONTINGENT LIABILITY

A contingent liability exists in connection with a proposed increase in rent by the club's landlords Waverley Council which is currently the subject of discussions between the club and the council.

If the rent was increased it would be backdated to October 2007 being the fifth anniversary of the ten year lease which expires in October 2012.

The club is vehemently opposed to any increase in its rental levels based on its future viability.

A contingent liability exists in connection with a dispute with the Club Golf Professional over a substantial amount of money he is alleging is owed to him. The Club maintains that the Club Golf Professional has always been fully remunerated in accordance with the terms of his contract and that nothing is owing to him. Both parties are in negotiations to resolve these matters. At the date of this report, the dispute and the claim made by the Club Golf Professional have not been

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**NOTE 20 - RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX**

Reconciliation of Cash

For the purposes of the statement of cash flows cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2008	2007
	\$	\$
Cash at Bank - Commonwealth Bank	26,517	88,829
Cash on Hand	20,000	20,000
Term Deposits - Commonwealth Bank	145,607	118,586
	192,124	227,415
Profit/(Loss) from ordinary activities after income tax	(134,042)	(77,064)
Non-cash flows in profit from ordinary activities		
Depreciation & Amortisation	113,508	122,266
(Profit)/Loss on Disposal of Non-Current Assets	-	-
Changes in Assets and Liabilities		
(Increase)/Decrease in Trade and Other Receivables	2,168	5,086
(Increase)/Decrease in Inventories	(4,669)	1,283
(Decrease)/Increase in Trade and Other Payables	1,596	(11,011)
(Decrease)/Increase in Short Term Provisions	13,109	10,845
CASH FLOWS FROM OPERATIONS	(8,330)	51,405

NOTE 21 - EQUITY CONTRIBUTION

Bondi Gold Club Ltd amalgamated with Bondi Diggers Memorial & Sports Club Limited on the 1st February 2004. Cash transferred to the amalgamated Club during the year ended 31st December 2008 from the administrator of Bondi Diggers Memorial and Sports Club Limited were as follows:

Cash	-	7,416
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